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STATE PASS TO EPA OFFICE OF RESOURCE CONSERVATION AND
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SUBJECT: RECYCLING ELECTRONIC WASTE - PANASONIC'S
APPROACHES AND INNOVATIONS

SENSITIVE BUT UNCLASSIFIED. CONTAINS PROPRIETARY
INFORMATION.

¶1. (SBU) Summary and Comment. With the onset of digital television broadcasting, Panasonic, Sharp, and Toshiba launched a joint U.S. based Manufacturers Recycling Management Company (MRM) in 2007 to deal with the anticipated wave of electronic waste from recycled televisions. MRM's purpose is to leverage recycling efforts of the three manufacturers to coordinate a network of public and private recyclers, communities, governments, charities and other organizations to shift the end-of-life televisions from the common waste stream into an environmentally responsible recycling stream. By 2011, Panasonic expects to expand the current 280 drop-off sites throughout the fifty states to more than 800 sites. Panasonic's several years of experience at its consumer electronics recycling plant in Kato City near Kobe at which old televisions and monitors containing lead, cadmium and toxic flame retardants are carefully recycled to recover valuable and reusable metals and plastics may offer useful, sometimes cautionary lessons, for the operations at the U.S. based MRM. End summary and comment.

¶2. (U) A wholly-owned subsidiary of Panasonic Co., Ltd., Panasonic Eco Technology Center Co., Ltd. (PETEC) in Kato City, Hyogo Prefecture. Opened in April 2001, PETEC is one of 47 recycling plants in Japan established under the Home Appliance Recycling Law that went into effect in 2001 that makes mandatory, the recycling of televisions, washers, dryers, refrigerators, freezers and air conditioners. Embassy Tokyo EMIN, CG, and ConGen Osaka officers recently visited PETEC for insights into current and future recycling operations.

Shared Stakeholder Responsibilities

¶3. (U) Japan's Recycling Law sought to establish a recycling system based on shared stakeholder responsibility; consumers pay a nominal fee when

disposing of a home appliance subject to the law, retailers are obliged to accept the items and cover the cost to deliver them to one of 380 collection sites, and producers and importers are obligated to accept and recycle the items. Regardless of country of origin, all subject home appliances sold in Japan must be recycled. The final obligation to recycle home appliances falls on the manufacturers or importers in the case of foreign products. In implementing the Recycling Law, the GOJ divided manufacturers into two groups and PETEC accepts for recycling, any subject appliances manufactured by members in Group A, which includes Panasonic, Toshiba, Daikin, GE, Samsung, and LG.

3D Employment - Dangerous, Dirty and Difficult

¶4. (SBU) PETEC's goal is "zero waste", to eliminate entirely the "discard" step from the home appliance product life cycle. Panasonic uses PETEC operations as a training ground for its product design engineers. Over the next decade, Panasonic believes these efforts will mean products significantly easier to recycle. For now, however, recycling remains a labor intensive "3K" job - kiken (dangerous), kitanai (dirty), and kitsui (difficult), says Isao Fukuda, Director of Panasonic's Recycling Promotion Office, and PETEC has difficulty in finding sufficient numbers of workers.

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Long Term Profitability?

¶5. (SBU) The quantity of goods arriving for recycling and thus employment at the plant fluctuates seasonally, says PETEC President Kazuyuki Tomita. Most of the company's 167 employees are temporary "dispatch" employees, few from the surrounding community. The plant's busiest seasons are summer, when consumers commonly replace air conditioners, and winter, following the year end holidays when sales of televisions and other home appliances traditionally increase. The dip in home appliance consumption during the current economic downturn has added to PETEC's labor challenges, says Fukuda, because the supply of goods for recycling has been lower than usual. Moreover, PETEC's profitability depends on revenues from sales of copper, resin, iron and other recycled commodities whose prices fluctuate widely. While PETEC has been profitable in past years, it has operated at a loss in the current fiscal year due to the drop in revenues from sales of its recycled commodities.

Overcoming NIMBY

¶6. (U) PETEC goes to great lengths to shield the neighboring community from sound, air and water discharge and even visual pollution by storing goods bound for recycling inside the plant. Moreover, to promote recycling, overcome NIMBY opposition and maintain public support from a local community that views the company's recycling operations with some skepticism, PETEC conducts public outreach including three local meetings a year to explain plant operations and to share plant air and water discharge test results.

Workable in the U.S.?

¶7. (SBU) The recycling system devised under Japan's 2001 Home Appliance Recycling Law is specific to the circumstances and needs of Japan, says Fukuda. The GOJ

promoted the recycling system as a national policy due in part to address the lack of adequate land-fill space. To promote a similar recycling system in the United States, Fukuda continued, the USG would first need to establish a clear vision of its goals. PETEC is aware that some regional groups of states have been considering introducing recycling programs, but state by state recycling regulations and lack of data on recycling rates and recycling standards in the U.S. would make it difficult for a company like PETEC to enter the U.S. recycling market.

Workable in China?

18. (SBU) The numbers of visitors to PETEC from overseas, especially from China and India has increased. PETEC has sold some of its recycling technology to European countries and while the company has as yet no concrete plans, Tomita says PETEC is interested in expanding into China depending on profitability. PETEC, he adds, has considered providing the technology to China and India through JICA, Japan's official foreign assistance agency, or by other similar means, but experts believe neither China nor India yet has the requisite shared sense of social obligation and infrastructure necessary to make Japan's "shared stakeholder" system for recycling effective in those countries.

19. (U) This cable was cleared by Embassy Tokyo.

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